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Our Economy and the World

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This week's issue of "Our Economy and the World" includes:

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- Reuters: Shares surge as bank support cheers investors

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Our Economy and the World

Key Global and Regional Developments over the Past Week

[Bloomberg: China's economic planning official sees risks to global growth, inflation](#)

China is facing a more challenging global economic environment as growth slows and countries like the US struggle to contain inflation, a senior official at the nation's economic planning agency said. Global growth lacks momentum and downward pressure is rising, Zhao Chenxin, vice chairman of the National Development and Reform Commission, said at the Boao forum in Hainan on Wednesday. It's very uncertain whether the US and Europe can curb inflation, he added.

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[Reuters: EU backs retaliation against economic coercion](#)

The European Union has agreed to allow retaliation against countries that put undue economic pressure on EU members to change their policies, such as the trade restrictions the bloc says China has imposed on Lithuania. Representatives of the European Parliament and the Council, the grouping of EU countries, reached a provisional deal on the anti-coercion instrument (ACI) early on Tuesday. The proposal is designed to counter a spillover of geopolitical tensions into trade.

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[CNN: US has replaced Russia as Europe's top crude oil supplier](#)

The United States is now the biggest supplier of crude oil to the European Union. In December, 18% of the bloc's crude imports came from America, EU data office Eurostat said Tuesday. That is a big turnaround. Russia was until recently the bloc's top supplier of crude, accounting for as much as 31% of total imports until the end of January 2022, according to Eurostat. The US, meanwhile, came a distant second, with a maximum 13% share.

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[Reuters: Fed's Powell discussed FDIC limits with House Republicans -lawmaker](#)

U.S. Federal Reserve Chair Jerome Powell told Republican lawmakers that Congress should re-evaluate limits on the size of federally insured bank deposits, U.S. Representative Kevin Hern said on Wednesday. "We talked about that but he said it was the role for Congress to really evaluate. Thought it was a great topic to bring up," Hern said after Powell spoke to a closed-door meeting of the Republican Study Committee.

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Special Analysis

World Bank: Global Economy's "Speed Limit" Set to Fall to Three-Decade Low

Across the world, a structural growth slowdown is underway: at current trends, the global potential growth rate—the maximum rate at which an economy can grow without igniting inflation—is expected to fall to a three-decade low over the remainder of the 2020s. Nearly all the forces that have powered growth and prosperity since the early 1990s have weakened, not solely because of a series of shocks to the global economy over the past three years. The growth rates of investment and total factor productivity are declining. The global labor force is aging—and expanding more slowly. International trade growth is much weaker now than it was in the early 2000s. The slowdown could be even more pronounced if financial crises erupt in major economies and spread to other countries as these types of episodes often lead to lasting damage to potential growth. A persistent and broad-based decline in long-term growth prospects imperils the ability of emerging market and developing economies (EMDEs) to combat poverty, tackle climate change, and meet other key development objectives. These challenges call for an ambitious policy response at the national and global levels. The slowdown can be reversed by the end of the 2020s—if all countries replicate some of their best policy efforts of recent decades and accompany them with a major investment push grounded in robust macroeconomic frameworks. Boosting human capital and labor force participation and making sound climate-related investments can also make a measurable difference in lifting growth prospects. Bold policy actions at the national level will need to be supported by increased cross-border cooperation and substantial financing from the global community.

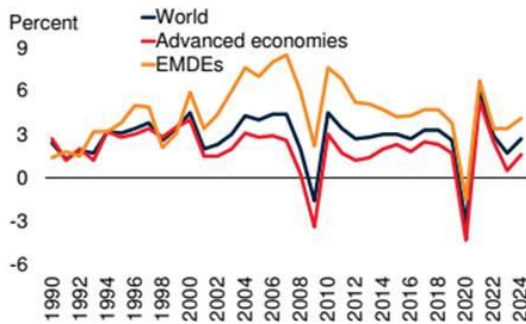
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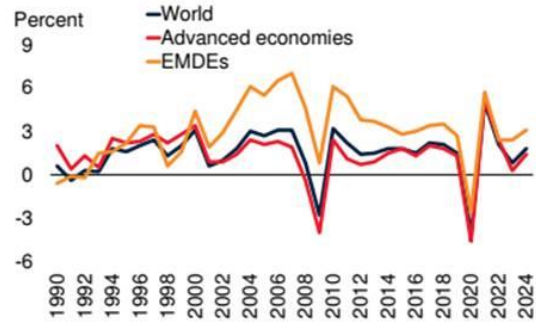
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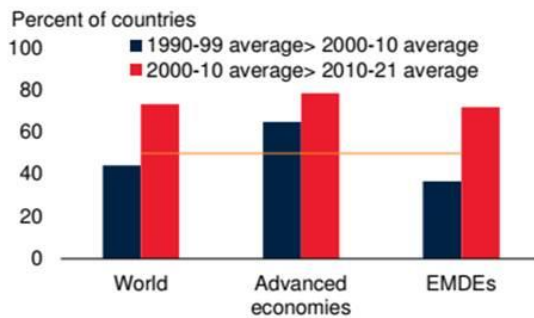
A. Growth



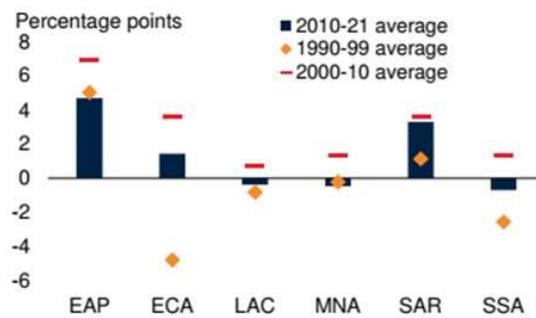
B. Per capita growth



C. Share of countries with slower growth than in the previous decade



D. Annual average per capita income growth relative to advanced economies



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Developments in Financial and Commodity Markets in the Past Week

[Reuters: Gold pulls back as banking jitters ease](#)

Gold prices retreated on Wednesday as investors trickled back into riskier assets betting that risks of contagion from the global banking crisis have been curbed for now. Spot gold was trading 0.4% lower at \$1,965.89 per ounce, as of 0924 GMT. U.S. gold futures slipped 0.3% to \$1,967.50.

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[Reuters: Shares surge as bank support cheers investors](#)

Global stock exchanges surged on Wednesday as markets took heart from greater stability in the banking sector, but most Treasury yields edged higher as uncertainty lingered and bond investors gauged the impact of rising interest rates on economic growth. The sale of assets in Silicon Valley Bank (SVB) on Monday, the regional U.S. lender that collapsed on March 10, has propped up risk appetite among stock investors and eased stress across markets, giving cryptocurrencies and commodity prices a boost.

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